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CONSUMER GOODS AND DOMESTIC TRADE

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

INCREASING PRODUCTION OF GOODS IN LOCAL INDUSTRY

Moscow PLANOVoye KHOZYAYSTVO in Russian No 9, Sep 80 pp 68-73

[Article by A. Meshchankin, division chief, USSR Gosplan: "To Increase the Production of Goods by Local Industry"]

[Text] Local industry in the union republics was formed as one of the most important spheres in the production of consumer goods and output intended for household use. Technical progress and the intensive development of the branches of heavy industry, especially during recent years, have made it possible to reinforce the technical-production base of local industry and to carry out the conversion of small-scale handicraft-type enterprises to modern, highly productive factories, plants, and industrial-production associations. During the past three five-year plans, approximately 3.2 billion rubles of capital investments have been channeled into its development. The fixed production assets during that period more than tripled. At the present time local industry is a multibranch economy that unites more than 2600 enterprises and production associations, which are typified by the unity of the technological processes, and by the homogeneity of the raw and other materials being used and by the intended purpose of the finished output. The greatest percentage in the overall volume of production is made up of articles produced by light industry (including the artistic trades), metal-working, and the chemical and petrochemical, timber and work-working industry. The total number of workers at enterprises subordinate to the ministries of local industry is 1,150,000.

The changeover of the enterprises in local industry to the new methods of planning and economic incentives contributed to the formation of branch specialization of production and to the increase in the production of very important types of consumer goods. During the 1966-1975 period the overall volume of production (gross output in comparable prices) increased by a factor of 2.7, and the average annual rates of increase came to approximately 10 percent. The basic trends in the development of the USSR national economy for 1976-1980 provide for an increase in the production of consumer goods in local industry by a factor of 1.3-1.4, with an indication of the need for the maximum use of local and secondary raw and other materials.

Provision was made for carrying out measures involving the further technical re-equipping and specialization of the enterprises in local industry, and, for ensuring the more complete satisfying of the public's needs, the expansion of production of musical instruments, articles produced by the artistic trades, souvenirs, and items necessary for everyday life, household and recreational use, tourism, physical culture, and sports.

The Councils of Ministers and the ministries of local industry in the union republics are taking necessary steps to implement the decisions of the 25th CPSU Congress, and are seeking ways and means for the further improvement of production and the better organization of labor, the technical re-equipping of the enterprises and the increase in the effectiveness of production, and the improvement of the organizational structure of administration. Progressive technological processes are being introduced, as well as conveyor-belt and flow lines, and automatic and semi-automatic equipment. Manual labor is being mechanized. A number of enterprises have been equipped with highly productive sets of imported equipment. Those enterprises are pencil factories in Moscow and Tomsk; plants for the production of dining-room equipment in the Ukraine and in Penzenskaya Oblast; factories for the processing of feather and down raw materials in Belorussia, Lithuania, and the Russian Federation; a large-scale furniture enterprise and the Almalyk Carp Factory in Uzbek SSR; a factory to produce bedroom and casual outdoor footwear in Moldavian SSR; a plant to produce enamelware in Tajikistan; enterprises to produce various commodities needed by the public in Leningrad; etc.

The value of the output produced by the local industry of the union republics in 1979 came to 10.8 billion rubles, and during the first four years of this five-year plan increased by 23.8 percent. More than three-fourths of the increase was obtained as a result of the increase in labor productivity. According to the plan for the current year, the volume of production is stipulated in the amount of 11.4 billion rubles, or an increase of 4.9 percent as compared with 1979. The plan is being fulfilled successfully -- during the first half-year the release on the planned assignments came to 102 percent, and the rate of increase as compared to the corresponding period of last year was 6 percent. The assignments of the last year of the five-year plan for the volume of production are being successfully fulfilled by the ministries of local industry in the Belorussian, Uzbek, Georgian, Azerbaijan, Lithuanian, Latvian, and Turkmen union republics. The ministries of local industry that are falling behind in their assignments are those in the RSFSR, the Ukraine, and Kazakhstan. The managers of a number of ministries of local industry have failed to achieve the development of production, primarily of consumer goods.

In the overall volume of output of local industry, approximately three-fourths is made up of consumer goods. Concentrated here is almost the entire production of the country's musical instruments, articles produced by the artistic trades, and pencils, more than 50 percent of the country's production of dining-room equipment made of stainless steel, metal beds, cast-iron and cast-aluminum pots and pans, 35-40 percent of the production of baby carriages, stamped aluminum and steel zinc-plated articles,

locks and hardware, chandeliers, torcheres, sconces, and other articles intended for everyday-cultural and household use. Local industry produces commodities valued at more than 4 billion rubles in the form of the simplest sewn articles (bed linen, layettes for infants, cotton slacks, etc.), textile and leather haberdashery, individually-made woven articles, hand-made rugs, etc.

By the 23 December 1976 decree of the CPSU Central Committee and the USSR Council of Ministers, entitled "The Development in 1976-1980 of the Production of Mass-Demand Consumer Goods and Ways to Increase Their Quality," the Councils of Ministers of the union republics have been given the responsibility for the complete satisfying of the needs of the public in the republics for such very simple, but extremely necessary, household articles as chopping boards, snaps for underwear, barrel articles, shovel handles, cast-iron black and enameled pots and pans, cast-iron stoves, gardening tools, etc., which must be produced with the use of local types of raw materials and production waste products.

The Councils of Ministers and the ministries of local industry in the union republics during recent years have done a certain amount of work to execute that decree. However, the facts indicate that the steps that were taken are far from sufficient and the public's demand for many articles is not being satisfied. For example, according to data from RSFSR Ministry of Trade, the following are the percentages by which the market needs were not satisfied this year: cast-iron black pots and pans, 14 percent; cast-iron enameled pots and pans, 52 percent; earthenware articles, 68 percent; snaps and fasteners for underwear, 78 percent; home-garden watering cans, 72 percent; chopper and rake handles, 18 percent; and sorghum scrub brushes, 13 percent.

It cannot be considered normal when the Ukrainian SSR imports from other republics chopping boards, various graters, handles, rulers, and try squares, sprayers, and many other commodities that could be produced very easily locally in sufficient quantities. And yet, last year the enterprises in Ukrainian local industry, despite an assignment stipulating the production, for example, of 110 million snaps and fasteners for underwear, manufactured only 70 million of them; instead of 273,00 chopping boards, only 200,000; instead of 2,100,000 coat hangers, 1,970,000; and instead of 50,000 hand-operated cabbage shredders, only 20,000.

Certain enterprises in local industry, despite the established procedure, and without the consent of the trade organizations, have been lowering the achieved levels of production of individual commodities. For example, at the Chechen-Ingush Chemical Plant it was planned to reduce during the current year, as compared with 1979, the production of oil paints by 1300 tons; caulking by 184,000 cans; at the Tomsk Pencil Factory, fasteners for underwear by one million; at the Skhelatskaya Household-Chemistry Factor (Ternopol'skaya Oblast, Ukrainian SSR), the production of shoe polish was reduced from one million cans in 1978 to 320,000. In Moldavian

SSR the following articles have been removed from production: putty; Antimol'; Banniol cleanser; needles for Primus stoves; ink; modeling clay. The enterprises subordinate to Ministry of Local Industry, Kirghiz SSR reduced by one-half the production of chopping boards and by one-third the production of kitchen canisters.

Of course the managers of the ministries of local industry have a lot of problems. But in this instance all that is needed is attention, inasmuch as it is a matter of commodities that were assimilated into production long ago and that do not require either complicated technological equipment or scarce raw materials if one wants to produce them.

In the local-industry system, the five-year plan stipulates a volume of production of articles intended for cultural, everyday, and household use that is considerably increased. When the planned assignments were being established, consideration was taken of the fact that in the local industry of the republics there had been created a considerable production potential with the aim of making that branch, in the country's national economy, the determining one with regard to the production and delivery to the trade organizations of many everyday commodities, primarily those for which the responsibility for the complete satisfaction of the public's needs had been given to the Councils of Ministers of the union republics.

However, during the elapsed years of the five-year plan, the rates of production of those commodities were lower than had been proposed, and the actual volume of their output, as a total for the four years, proved to be less than the assignments for the five-year plan, especially for the ministries of local industry in RSFSR, the Ukraine, Azerbaijan, and Uzbekistan. In 1979 the plan for production of commodities intended for cultural-everyday and household use was fulfilled by local industry by 98 percent.

During the first six months of the current year, despite the overall fulfillment of the plan, the following ministries of local industry failed to fulfill their assignments: Kazakh SSR (99.2 percent); Kirghiz SSR (99.4 percent); Georgian SSR (97 percent); Azerbaijan SSR (77 percent); Tajik SSR (90 percent); and Turkmen SSR (89 percent). In this five-year plan, local industry will deliver to the market fewer articles intended for cultural-everyday and household use than had been stipulated in the computations for the commodity support of the retail trade-turnover plans. Under such conditions, when the enterprises of local industry are in debt to the public, the chief task is the more active fulfillment of the additional opportunities for increasing the production of commodities that are in short supply in the trade system.

One of these reserves was pointed out by the November 1979 Plenum of the CPSU Central Committee. Speaking at that Plenum, L. I. Brezhnev said, "An inspection carried out by deputies of the USSR Supreme Soviet and by the people's control indicates that many commodities for which there is a

daily need can be successfully produced locally. Therefore, in addition to increasing the responsibility borne by the ministries and departments, and by the planning and trade agencies in the center [i.e. Moscow and Leningrad], it is necessary for the local industry, consumer cooperatives, the Soviets, and their permanent commissions to engage in the production of mass consumer goods in a much more thorough manner, but also, and most importantly, in a much more initiatory manner. That will help us to make better, more effective use of the local raw materials, especially in the remote areas" (PRAVDA, 28 November 1979).

At a number of enterprises in local industry recently, much has been done to increase the production of output from local types of raw materials and production waste products. Certain administrations and enterprises of local industry have created metal-procurement and metal-separation bases, mines and quarries for the production of mineral raw materials; have organized the production of glass jars, ready-to-finish furniture using waste products from wood-processing; have established plantations of cultivated varieties of vines; have increased the areas on which sorghum is grown; and have carried out many other measures. At certain enterprises, labor-consuming processes have been mechanized, new equipment has been introduced, and advanced technology has been assimilated. For example, for the production of ceramic articles in Belorussia, Kazakhstan, Latvia, and in Novosibirskaya and Kaluzhskaya Oblasts, two- and three-channel electrical tunnel furnaces have been introduced, as well as artificial driers, casting conveyor belts, and semiautomatic equipment to make forms, thus making it possible to double the labor productivity and to improve the quality of the output.

Specialized sectors, shops, and enterprises have been organized for the production of articles made of local raw materials. For example, the Chernigov Experimental Vine-Articles Plant has begun to produce more than 20 different types of wicker articles, including 13 types of furniture. The volume of production this year will be more than 460,000 rubles. The enterprise has been assigned 280 hectares of arable land, on 225 hectares of which cultivated varieties of willow have been planted. At enterprises under RSFSR Ministry of Local Industry, 43 specialized shops and sectors engage in the production of wicker articles. Those shops and sectors annually produce output valued at 2.3 million rubles. Articles that are much in demand by the public are the ceramic articles produced by the Borisov and Skopin Factories; articles made of burls, which are made by expert craftsmen at the Kirovskaya Ideal-Objets d'Art Plant. Many types of output produced at these enterprises are exported and are displayed in museums.

Enterprises in Belorussia, Kazakhstan, Moldavia, and other republics process various types of local raw materials: clay, sand, limestone, chalk, construction and odd-job stone, birch bark, reeds, willow twigs, straw from cereal grains, bast fiber, rattan, peat, shells, etc. At the same time the local materials are still being used unsatisfactorily. In the trade system, the articles made from them are not always available in sufficient

quantities. These include earthenware dishes, ceramic tile, mineral pigments, articles made of local vegetable materials, turpentine, bast fibers, brushes, objets d'art and souvenirs made of stone, wood, wicker, straw, etc.

The republics are making insufficient use, for purposes of producing commodities, of the resources of mineral and vegetable raw materials, production waste, etc. For example, in the Azerbaijan SSR these materials include jeweler's and industrial agate, onyx, heliotrope, bentonite clays, and pumice; in Estonia, limestone, dolomite, clay, shale. Considerable quantities of production scrap is simply thrown away or destroyed.

In Moskovskaya, Gor'kovskaya, and Kirovskaya Oblasts of the RSFSR, and in Lithuanian and Estonian SSR, large pieces of scrap lumber, plywood, and shavings in a broad assortment are used to manufacture toys that are very popular not only on the domestic market, but also in the foreign market; in Uzbek, Georgian, Latvian, and a number of other republics where such opportunities exist, they are not being produced at all. In the Russian Federation, at enterprises subordinate to 22 oblast administrations of local industry, which have at their disposal sufficient volumes of waste products of wooden materials, the production of toys also has not been organized.

Krasnodarskiy and Stavropol'skiy Krays are in the same economic region and have considerable resources of wooden bark, corn husks, straw from grain cereals, clay, and sand. And yet, in Stavropol'skiy Kray no output is being produced from these types of raw materials, although The Krasnodarskiy Kray administration of local industrial uses them to produce a broad variety of various souvenirs, ceramic articles, bricks, etc.

The experience of the Rostovskaya Oblast administration of local industry in the processing of polyvinyl chloride films on fabric and knit backings has not been finding the necessary dissemination, even in the RSFSR. And many thousands of tons of such waste products are being formed in the local industry itself and in other branches (automobile, light). One cannot fail to note the unsatisfactory use of mineral resources, mine scrap heaps, and other industrial waste products for the purpose of producing commodities of everyday chemistry: detergents, mineral pigments, etc.

Here are a few comparisons concerning the possibilities of using local raw materials. The enterprises in the Ministry of Local Industry, Latvian SSR, this year will produce output from local raw materials, with a value of 21.3 million rubles, whereas the enterprises of Lithuanian SSR, which are located under the very same natural and climatic conditions and which possess analogous raw-materials sources, plan to produce such output only with a total value of 3 million rubles; the enterprises in local industry in the Kirghiz SSR, 6.5 million rubles, and in the neighboring Tajik SSR by only 2.3 million rubles.

The deepening of specialization and concentration of production is yielding a great benefit to the national economy. For example, the creation

of the Belkhudozhkeramika Production Association under the Ministry of Local Industry, Belorussian SSR, made it possible to introduce advanced technology; to increase the volume of production of earthenware-ceramic commodities from 723,000 rubles in 1975 to 2.7 million rubles in 1980; to renew annually 35-40 percent of the variety of output; and to reduce sharply the expenditures to manufacture it. In 1979 the profitability of the output was 21.4 percent, whereas the output has been produced at a loss. At the Svisloch' Building-Materials Combine, Belorussian SSR, the specialized shop for the production of furniture from vines, which was activated in 1974, produces eight different sets of vine furniture. The raw-materials base here is the wild vines, as well as vines that are cultivated on an area of 60 hectares. During the first four years of the current five-year plan, the volume of production of output more than tripled and in 1980 it will be 340,000 rubles; the profitability rose from 4.5 percent in 1975 to 22 in 1979.

The Ministry of Local Industry, Lithuanian SSR, in 1976 activated in Kaunas a specialized shop for artistic and everyday ceramics, with a productivity of 1.2 million rubles of output a year. The building of the shop cost 2.5 million rubles. By carrying out technical-organizational measures, the planned capacity of the shop was exceeded, and in 1980 the production of output will be no less than 1.6 million rubles. The share of the output with increased category of quality rose from 11.5 to 26 percent. More than 100 different ceramic articles with a total value of 700,000 rubles are being delivered this year for export to Sweden, Finland, West Germany, Czechoslovakia, East Germany, etc.

The increase in the production of output from local types of raw materials and industrial waste products largely depends upon the organizing of the work. It is necessary to make more complete use of the capabilities of the scientific-research institutes and planning-and-designing bureaus in the development of technology, the structural elements to go into the articles, etc. It is necessary to emphasize the mandatory nature of taking a comprehensive approach in the ministries, administrations, and production associations and at the enterprises to questions of the use of local raw materials and waste products for the production of many of the simplest commodities. The set of measures must reflect the selection of the desired articles themselves, the development of the specifications and standards, the creation of the technology of processing, the organization of the production entity's own raw-materials base, the study of the sources of raw materials and waste products according to their place of location or formation.

An important factor in improving the use of industrial waste products and local raw materials is the system of material incentives. It is necessary for encouragement to be provided to initiative and to work that has been carried out to assure the maximum use of industrial waste products and local raw materials, and that yields an economic benefit. The types of incentive can vary, but the most important thing is for the labor and initiative of people to be properly valued. The basic source for incentive payments is the deductions paid into the consumer-goods fund. The profit from the sale of commodities and articles intended for production use, which have been

manufactured entirely or partially (no less than 75 percent) out of waste products from their own production or out of waste products obtained from other enterprises, remains at the disposal of the enterprises and is paid into that fund. The consumer-goods fund is also used to expand existing objects for the processing of production waste products, or to build new ones.

In addition, the basic principles approved by the Interdepartmental Commission attached to USSR Gosplan on 17 February 1977 stipulate fund-creating indicators which must be employed with a consideration of the specific peculiarities and tasks confronting the particular enterprise in local industry. For increase in the production of output made of local raw materials, there has been defined the fund-creating indicator "increase in the percentage of output made of local raw materials in the overall volume of production."

The slow growth rates of production of certain commodities intended for cultural-everyday and household use have recently been explained customarily by difficulties in material-technical support. Actually, in the current five-year plan, in many republics it is for those reasons that incomplete use has been made of the capacities for production of articles from plastics, articles of jewelry, metal beds, lids for home canning, aluminum pots and pans, etc. But one should not use this to cover over the substantial shortcomings in the organization of production. The fixed production assets of local industry by the end of 1980 will reach 3.7 billion rubles. But that major production potential is being used with insufficient effectiveness. For example, there has been an unsatisfactory rate of assimilation of the capacities at factories that are subordinate to the ministries of local industry, that produce kitchen furniture (Uzbek SSR), steel enamelware (Tajik SSR), chinaware (Armenian SSR), and also a number of enterprises under the Ministry of Local Industry, Azerbaijan SSR. This is the third year that maladjustments in the technology of production have not been eliminated at new large-scale enterprises -- the sports articles plant in Moscow and the Kolyshleyskiy Dining-Room Equipment Plant in Penzenskaya Oblast, which were constructed with the use of highly productive imported equipment. No effective steps have been taken to expand or remodel the capacities of the musical industry in the RSFSR, the Ukrainian, Belorussian, Uzbek, and Georgian SSRs, as a result of which the purchase requests sent in by trade organizations for shipments of zinc-plated musical instruments have not been satisfied for a number of years.

One practice that is not completely justified is the practice of overloading the production capacities at many enterprises with the production of output that is not typical of the local industry and that does not pertain to consumer goods. For example, direct contractual ties were established with enterprises of the Ministry of the Automotive Industry, Ministry of Agricultural-Machinery Industry, and other ministries for the manufacture -- from customer-supplied raw and other materials -- of plastic articles, ventilators, nonferrous castings, carburetors, and gasoline pumps. Here

one should mention, among others, the Kiev Plastics Plant, the Ukrsamotavety Plant, the Borisov Enamelware Plant, the Moscow Nonferrous Castings Plant, and the Semipalatinsk Household-Chemistry Plant. The tendencies of development of the production of output in group "A" [producer goods] during the current five-year plan was, to a considerable degree, the reason for the reduction in the shipments of commodities on the basis of market funds. Thus, during 1976-1977 the volume of industrial production at enterprises of RSFSR Ministry of Local Industry increased by 18.2 percent; Ministry of Local Industry, Ukrainian SSR, by 20.8 percent; but the shipments on the basis of market funds were, respectively, only 6.9 and 8.8 percent. One cannot agree to such a state of affairs in those ministries.

When developing the draft version of the plan for the 11th Five-Year Plan, it is necessary for USSR Gosplan, jointly with the Gosplans of the union republics and the corresponding ministries, to study attentively the cooperative connections that have formed with regard to the shipments by union industry of articles in group "A." The correct resolution of these questions is of fundamental importance for the further development of local industry in the direction of increasing the output of consumer goods.

It is necessary to direct attention to still another aspect of the activities of local industry, where there are unused capabilities for increasing the production of commodities for the public. During recent years the production of articles in the light-industry branch has been developing at higher rates in local industry. Approximately one-half this output is made up of sewn articles, the volume of which, in the plan for 1980, is valued at 3 billion rubles. As compared with 1965, their production has increased by a factor of more than 5, and still the republics have not eliminated the shortage of a number of commodities produced by the garment industry -- even commodities in the very simplest variety, such as bed linens, cotton kerchiefs -- and the delivery of ladies' lingerie to trade organizations has even decreased.

This is happening because a large amount of attention in the production of sewn articles is still being devoted to customer-supplied orders from enterprises and institutions, the volume of which has reached almost one billion rubles. They are especially large in the RSFSR and the Georgian SSR. The local industry of those republics is taking the easiest road for attaining an increase in production volumes -- garment sectors are being organized even at brick factories and at enterprises in the musical and metal-processing industry.

A very important reserve for the more complete satisfying of the customers' needs for various high-grade output is the further development of the specialization of production with the use of modern technological processes and advanced labor methods. The major shifts that have been achieved in this regard represent a promising beginning. In a number of instances the particular process goes beyond the framework of a single oblast (krai), or sometimes even a republic, and takes on a more wide-scale nature.

On the pages of certain organs of the press one frequently sees the publication of materials which persistently cite what is, in our opinion, the incorrect line concerning the organization of the production of each of the various small commodities invariably in each republic, in each kray or oblast. As a rule, such articles contain reproaches aimed at enterprises of local industry and at trade organization, to the effect that it is necessary for the oblast (kray, republic) to bring in from other locations various commodities, the production of which is not being planned in a centralized manner. Under the influence of this criticism, in individual oblasts, krays, and republics, small-scale, handicraft-type production entities are created, and they produce articles of low quality but of high production cost. At the same time, for the enterprises that were previously engaged in their production in another oblast or republic, difficulties arise in the selling of similar articles.

The specialization of the existing enterprises in the production of definite types of output and the increase in the effectiveness of production require the improvement of the system of administration, primarily by means of the creation of production associations. In local industry, 290 production associations have been created and are in operation. They have an annual volume of sale of output at 3.5 billion rubles, which constitutes 33 percent of the total volume. The production associations and consolidated specialized enterprises make it possible to improve the use of reserves and to carry out the modernization of production.

At the present time in the structure of the fixed production assets, the share of machinery and equipment is only 36 percent. That fact attests to the weak technical equipping of the enterprises. In addition, many enterprises have been equipped with obsolescent or worn-out equipment. When developing the plans, it is necessary to devote a large amount of attention to questions of the technical re-equipping of the existing enterprises, to raising the level of organization of labor and production, and to improving the processes of administration on the basis of the development and introduction, at the enterprises and associations, of comprehensive plans for engineering support for increasing the effectiveness of production.

A problem that has become acute is the further expansion of the production entity's own base of means of mechanization, which includes experimental enterprises and the technology-design engineering apparatus. This kind of base is necessary for the creation and introduction of progressive machinery and equipment that take into consideration the peculiarities of the multibranch technological specifics of production.

In the forthcoming five-year period, local industry will be faced by large and important tasks: the increase in the effectiveness of production and the considerable increase in the production and improvement of the quality of consumer goods, with a consideration of the more complete use of local raw-material resources and production waste. The search for the resolution of these tasks requires the specialists in industry, at the planning agencies, and scientific organizations to exert their joint active efforts.

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HOUSING AND PERSONAL SERVICES

ON ORGANIZATION OF PERSONAL SERVICES

Moscow PRAVDA in Russian 29 Sep 80 p 2

[Article by V. Rutgayzer, chairman of the Department of the Scientific Research Economic Institute of the USSR Gosplan, Doctor of economic sciences, and T. Koryagina, senior scientific worker of the institute, candidate for doctor of economic sciences: "Unified, Productive"]

[Text] Last summer in PRAVDA an article titled "But the Standards are Old" was published, which presented critical comments concerning the instruction of the USSR Central Statistics Administration, which regulates the organization of personal service. The article also examined the place of this sector in the economic mechanism of the Soviet Union. As before the problems are pressing, as evidenced by the letters to the editor. Considering the wishes of the authors of the complaints who support the article "But the Standards Are Old", the editors have decided to return to the matters that were touched upon in the article.

First a few words about the actual status of the matter. The authors of the above-mentioned article believe that it is necessary to improve the reckoning of the activity of the personal services enterprises. If the conditions of work change, the methods for determining the results of work must also change. Otherwise normal economic activity runs into artificial barriers which can be overcome only by "illegal" methods, i.e., by violating the instructions of the USSR Central Statistics Administration "1-byt" [consumer services].

This document is revised from time to time. In the 18 years since it first appeared it has been reexamined and revised at least five times and always in the same direction. The first version of the instructions classified personal services as "that work that is done in accordance with the individual requests of the population." Even then life required that an exception be made for kindergartens and homes for senior citizens and other such institutions that are of social importance, i.e., to permit orders to be accepted from them. Then a very indistinct term appeared "organizations equated to the population". At first nine such organizations were named; in 1976 there were already 57 of them. Actually the list is even more extensive: it now

incorporates comprehensive medical institutions and health care organizations and even entire sectors - all trade and public dining enterprises. Even the list of services offered to the so-called "equated organizations" has become very extensive.

Naturally, it is simpler - and more profitable - to perform mass orders than it is to bother with individual orders. It is not surprising that the percentage of former services is constantly increasing. For example, the repair of complicated household appliances has increased from 11 percent in 1965 to 34 percent last year; the repair of furniture rose from 5 percent in 1965 to 7.3 percent in 1979; and the use of drycleaning increased from 3 to 15 percent. The use of laundries is now 76 percent.

What is next? Soon the list of "equated organizations" will encompass all of society. An experiment, which is now being conducted in Lithuania and Estonia, attests to this. Here, according to the declaration of the USSR Gosplan, "partial changes to the list of enterprises, institutions and organizations equated to the population" have been made. In Estonia, for example, the list now includes housing, garden and garage cooperatives, and clubs for officers, architects, the Voluntary Society for Collaboration with the Army, Air Force and Navy, police organs and the State Motor-Vehicle Inspectorate (for repairing and servicing automobiles), and so forth. The list of services, the performance of which has been transferred to the section for services to the population, has also been expanded.

The state cannot create a separate sphere of service - special shops for repairing television sets, refrigerators, typewriters, office equipment, laundries, drycleaning, etc., - to meet the needs of enterprises and institutions. The personal services sector must take care of all this, but not to the detriment of service to the general population. For this reason there arises the question: is the "1-byt" instruction of the USSR Central Statistics Administration needed? Are we not deceiving ourselves when we believe that one seemingly prohibitive-permissive instruction can ensure the development of personal services in a direction that is most preferable for society and consumers. We feel that such self deception is becoming more and more apparent.

The workers of the USSR Central Statistics Administration as before, without considering the suggestions of scientists and practical workers in the service sector, are coming out against making personal services into an independent sector. In their opinion, this would complicate the analysis of the sectoral structure of the national economy and intersectoral ties.

We feel that their conclusion is not very convincing. At present, when personal services are "scattered" throughout more than 20 sectors of industry (the repair and manufacture of articles), construction (the repair and equipping of housing units), agriculture (the plowing of gardens by order of the population), it is very difficult to analyze intersectoral ties. For personal services have a completely different

structure of expenditures than the product of those sectors to which they, according to the instructions of the USSR Central Statistics Administration, were transferred. For example, to manufacture a woman's wool dress at a garment factory requires less material than to have it custom tailored. On the other hand the percentage for payment out of the total outlays is greater in the latter case because of the low productivity. How can one get a clear picture of the intersectoral ties in the garment industry if in the total indicators of the volume of its production they figure articles produced according to individual orders instead of product that is mass produced?

For today, as many of our colleagues believe, the objective conditions are ripe for converting the personal services into an independent sector of the national economy. The USSR Central Statistics Administration among the indications of the sectoral classification single out, apart from all else, the purpose of the product and final result of the activity. The purpose of personal services, its final result, is to satisfy the individual demands of the population that are connected with the home and personal hygiene. At the same time personal services are engaged in the manufacture, on the one hand, of small batches of manufactured articles that are consumer oriented, while on the other hand they are engaged in providing services to various organizations and institutions. Such plurality of production, or, as specialists say, diversification, is natural to any sector of industry.

How is one to measure the work of a new sector - personal services? It requires a generalizing indicator consisting of several components. First, the volume of services sold by individual orders of the population; second, the output and sale to the population of small batches of finished manufactured articles; third, the amount of work and services rendered to the so-called "equated organizations" and other consumers. The first two indicators should take into consideration the cost of raw materials and materials and represent a gain from the services to the population.

The "separation" of outside the market consumers from the individual customers does not mean that the "equated institutions and organizations" must not have any privileges. On the contrary, the performance of some kinds of services for some of them (for example, washing the linen of childrens' preschool institutions) must have advantages as compared with individual customers. This can be ensured not only through material incentives but by special measures of an administrative nature (having determined, for example, a list of such organizations at a session of the city council of peoples' deputies)

At the same time the service enterprises are obliged to extend to the population as many opportunities as possible for realizing its monetary incomes. However, recently the percentage of incomes from individual orders has not only not increased, but in some republics it has decreased. The amount of so-called small batches is increasing and an increasingly large portion of the resources of the personal services organization is being reorientated toward outside the market consumers, many of whom exist on social consumption funds. In this manner

the correct view of personal services as an individual sector will immediately disclose the negative processes of its development and will promote the correct combination of the interests of the population and the state.

Simultaneously it will be necessary to make some revisions to the methodology for several general economic estimates. Primarily this touches upon the monetary incomes and outlays of the population. Few people know that an independent point in such a balance is figured only payment for bath houses, barbershops and shower-baths, etc., which does not exceed one sixth of the total amount of individual orders. The remainder appear on a summary position "Purchase of goods", although this includes the repair of things and the maintenance of durable goods. The annual volumes of such services now amount to several billions of rubles. Their inclusion in the category "Purchase of goods" distorts the actual structure of the population's expenditures. By the way, in the methodology of the USSR Gosplan and the USSR Central Statistics Administration for compiling the balance of monetary incomes and outlays of the population no mention is made of how to "cleanse" the amounts of sales of personal services to population from the amounts of orders performed for the "equated organizations".

The development of modern personal services poses increasingly complicated problems for the USSR Central Statistics Administration and for other organizations of general state management. The correct solution of such questions depends largely upon how we perceive this sector - as a collective or unified sector. We think it is a unified sector.

And the final question: where should personal services belong - to the production or nonproduction sphere? In our opinion it belongs to the former. Of course, personal services include nonproduction services. But they account for only 17 percent of the total, while trade, which is viewed as a full participant in material production, accounts for a good half of the total. Any well educated economist understands that, having divided trade between the production and nonproduction spheres, we would have destroyed the unity of accounting and planning for its resources and results of its work. But, no matter how strange, this is exactly how they are now relating to personal services. Its product has been divided, but its resources are allocated together. And when distributing capital investments and forming the balance of labor resources personal services acts as a unified sector. But having said "a", one must say "b" with more conviction.

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CONSUMPTION TRENDS AND POLICIES

SUMMARY OF BOOK BY YU. A. GUSEV: HOW MUCH, WHAT AND WHERE WE BUY

Moscow VESTNIK STATISTIKI in Russian No 9, Sep 80 p 56

[Review by D. Ryauzov, Moscow, of the book "Skol'ko, chto i gde my pokupayem" [How Much, What and Where We Buy] by Yu. A. Gusev, Statistika, Moscow, 1979, 88 pages]

[Text] This book was designed for a wide audience. It gives the economic content of trade figures published in collections of statistics, discloses the methodology for forming statistics indicators, poses questions concerning improvement of statistical data and notes certain prospects for trade development through the creation of automated control systems.

The book contains five chapters. The first chapter sets forth the role of Soviet trade in a developed socialist society. It draws heavily on materials from the 25th CPSU Congress and on the decrees of the CPSU Central Committee and the USSR Council of Ministers "On Developing the Production of Consumer Goods in 1976-1980 and on Measures To Improve Their Quality." The author notes that a rise in the Soviet people's standard of living depends not only on an increase in the population's real income but also on an increase in the volume of consumer goods production, accompanied by an improvement in their quality and a considerable increase in the variety produced. This must be furthered to a large extent by the work of all trade organizations. At the present stage the functions of trade are expanding considerably. The author characterizes the basic functions of trade. It seems to us that here he should have dealt in greater detail with the tasks confronting present-day trade. It is well known, for example, that there are still unresolved problems in the economic interrelationships between trade and industrial enterprises and that errors in planning production of individual consumer goods have not been completely eliminated. Readers will find out what specific measures are being taken to more fully satisfy the population's demand regarding the variety and quality of goods.

The second chapter, "The Basic Indicators of Trade Statistics," briefly and simply presents the history of the development of trade statistics, examines the sources of information (statistical accounting, selected information samplings and family budget data) and discloses the contents of the basic statistical indicators of Soviet trade and the methodology used in the statistical study of wholesale and retail commodity turnover, public catering and reserve commodity stocks. The chapter lastly discusses the problems involved in the statistical study and evaluation of the variety and quality of goods being sold.

The third chapter, "How Much and What We Buy," analyzes questions concerning the increase in the material and cultural level of the Soviet people's life. The figures eloquently affirm the constant increase in the volume of retail commodity turnover in the USSR. Using specific methods for analyzing commodity turnover, the author presents an interesting picture of trade development during the post-war years. The chapter cites indices for the physical volume of commodity turnover; the dynamics of per capita commodity turnover in the city, rural areas and union republics; indicators for the consumption of basic food and nonfood consumer goods; and the material well-being of urban and rural families with respect to goods of long duration, etc.

The fourth chapter, "The Trade Network and Ways of Serving the Buyers," characterizes the development and renovation of the trade network and shows, as a result of this process, the retail trade network in the USSR has changed qualitatively during the last 10 to 15 years: its capacity has increased considerably and methods of serving the population in the area of trade have been improved.

The data cited in the book describe the trade network's technical capabilities, which have improved significantly in recent years but have not as yet reached a high level. The chapter ends with a description of progressive methods of trading: self-service and trade through advanced ordering, by samples, and on credit.

Because of the extent of the network of its enterprises and the variety and complexity of its economic relations, trade is one of the largest sectors of the national economy. The introduction of automated control systems on all levels of trade control and the inclusion of them in the statewide system of collecting and processing information would allow many extremely complex problems of control to be resolved. The fifth chapter, "Trade Control Through the ASU [Automated Control System]," presents new problems in trade statistics with the use of automated control systems. Although these problems have not yet been solved, the posing of them is undoubtedly useful for the reader.

As a whole, Yu. A. Gusev's book reflects modern scientific achievements in the area of trade statistics and contains a great deal of useful figures. The new and vital problems posed by the author will also be of interest to specialists in trade statistics.

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PERSONAL INCOME AND SAVINGS

ATTRACTION OF DEPOSITS IN SAVINGS BANKS

Moscow DEN'GI I KREDIT in Russian No 8, Aug 80 pp 46-52

/Article by A. P. Gnutov: "Economic Analysis of the Work of Savings Banks"

/Text/ The study of the socio-economic processes, which influence the formation of the savings of the population, is the main content of the economic work in the system of the USSR State Workers' Savings Bank. The economic planning work of the institutions of the State Workers' Savings Bank should be of a creative nature and should be backed by the performance of active organizing work on the implementation of proposals, which ensue from the results of the analysis of the activity of savings banks, should promote an increase of the efficiency of the operation of savings banks in all links of the system and the improvement of the quality of the service of the population and organizations.

The goal of this work is the determination of the economic and organizational reserves for increasing the efficiency of the work of savings banks and the maximum attraction to savings banks of the monetary assets of the population, which are used for extending credit to the national economy.

The consistent implementation of a wide range of measures on the socio-economic development of our country and the improvement of the well-being of the people is conducive to the further increase of the material and cultural standard of living of the workers and to the increase of their monetary income, which creates favorable conditions for the growth of the savings of the population.

Thus, whereas during the Eighth Five-Year Plan the average annual growth of deposits for the country as a whole was 5.6 billion rubles and during the Ninth Five-Year Plan--8.9 billion rubles, in four years of the 10th Five-Year Plan it amounted to 13.8 billion rubles.

At the beginning of 1980 the number of accounts at savings banks came to 135.5 million, while the balance of deposits was 146.2 billion rubles.

The state workers' savings banks in 1979, in fulfilling the tasks stemming from Decree No 238 of the USSR Council of Ministers of 13 April 1976,

"On the Further Improvement of the Work of Savings Banks on Serving the Population," implemented a number of organizational measures and on the whole coped with the set tasks in the area of the savings business, in spite of certain difficulties which occurred in the work on attracting the assets of the population during the past year. In 1979 savings banks attracted 16.1 billions rubles of the assets of the population to deposits, on the State 3-Percent Domestic Lottery Loan and the lottery with money and goods as prizes. The savings banks of the Ukrainian SSR, the Belorussian SSR, the Kazakh SSR, the Kirgiz SSR, the ~~Tajik~~ SSR and many oblasts of the RSFSR achieved good indicators in this work.

At the same time with the overall favorable results in the work the savings banks of a number of republics and oblasts did not ensure the fulfillment of the set tasks. A large number of savings banks regularly do not fulfill the plans on the attraction of the assets of the population.

In this connection the study of the progress of attracting deposits and the identification of the factors, which influence the fulfillment of the plans of attracting the assets of the population, are an important task of the economic service. Here it is necessary to study the fulfillment of the cash plans of the State Bank over the year and to establish a link between the fulfillment of the plan on deposits and the cash plan (the issuing of cash for wages, agricultural procurements, purchases and from the accounts of kolkhoz workers, as well as the receipt of the trade proceeds from enterprises of retail trade). At the same time it should be determined, to what extent the opportunities to attract the assets of the population are being utilized in the case of the exceeding of the expenditure portion or the underfulfillment of the revenue portion of the cash plan of the State Bank.

In the process of the indicated work it is expedient to establish whether the plans on attracting the assets of the population are being fulfilled uniformly or by individual groups of savings banks, whether there are significant deviations from the plan, which have been caused by some economic peculiarities of the rayons or population centers or by factors of an organizational nature, which depend on the state of affairs at the savings banks.

The indicators on the number of accounts according to the deposits on the average per 1,000 residents and the per capita amount of the deposits also attest to the level of development of the savings business in the country.

The highest level of development of the savings business on 1 January 1980 was achieved in the Lithuanian SSR, where the amount of the deposits on the average per person, who receives an income, is 1,320 rubles, in the Armenian SSR--1,214 rubles, the Georgian SSR--1,032 rubles. The level of development of the savings business is lower in the republics of Central Asia, the Azerbaijan SSR and the Moldavian SSR, where the average amount of the deposits of the population is only 479-559 rubles.

It should be noted that in the republics of Central Asia, as well as in the Azerbaijan SSR the bonds of the State 3-Percent Domestic Lottery Loan enjoy a greater demand of the population than on the average for the country. On 1 January 1980 bonds worth 43 rubles on the average had been floated throughout the USSR per person who receives an income, while in the Uzbek SSR this indicator is equal to 141 rubles, in the Azerbaijan SSR--178 rubles, in the Tajik SSR--187 rubles. With allowance made for the floating of bonds of the State 3-Percent Domestic Lottery Loan the amount of savings on a per capita basis in the indicated republics is 20-30 percent lower than for the USSR as a whole. To some extent this is explained by the per capita level of income. The main reason for the lag in the development of the savings business in the indicated republics is the serious shortcomings in the work on attracting the assets of the population into deposits.

The annual increase of public consumption funds and the redemption of the bonds of state loans, which were floated by subscription, have a favorable influence on the increase of savings.

The main cause of the formation of savings, as was noted above, is the growth in personal income and the increase of the material well-being of the workers. The growth in personal income and the increase of material well-being are usually accompanied by a change in the pattern of consumption. The proportion of expenditures on foodstuffs decreases, the proportion of expenditures on industrial goods and services increases. In the total amount of industrial goods and services the proportion of expensive durable goods is increasing. Since the cost of such goods and services, as a rule, exceeds the wage received by workers, the accumulation of a certain amount of money is an inevitable condition for their acquisition. The formation of similar savings also occurs for this reason. And the more the proportion of expensive goods in the total volume of the commodity turnover and of expensive services in the total volume of services increases, the more intensively this process proceeds.

The increase of the production and sale of durable goods inevitably stimulates the process of forming savings. On the other hand, the formation of savings in turn is a factor which intensifies demand, and following it the production of durable goods.

The analysis of the development of the savings business by union republics shows that the greatest increase in deposits over the past nine years was observed in the Belorussian SSR, the Uzbek SSR, the Lithuanian SSR and the Moldavian SSR. It should be noted that the income of the population in these republics also increased more rapidly than for the country as a whole.

A relatively slow growth rate of the balance of deposits over the past nine years occurred in the Kirgiz SSR and the Turkmen SSR, which is connected with the shortcomings in the organizational work of the savings banks of these republics.

The statistical reporting in effect in the system of savings banks provides adequately extensive material for studying the processes of the formation of the savings of the population. We have, in particular, data on the breakdown of deposits by city and countryside, social groups, their types and amounts.

During the Ninth and 10th Five-Year Plans the growth rate of the number of accounts in the countryside was slower than at urban savings banks. This, apparently, is connected with the existing tendency for a slight decrease of the size of the rural population. During 1971-1978 the urban population increased by 17.9 percent, while the rural population decreased by 6.0 percent, in connection with which the proportion of citizens, who live in the countryside, in the total size of the population decreased from 43 to 38 percent. Moreover, in rural areas there exists a practice, when, as a rule, a single account for deposits is opened per family.

During the years of the Eighth and Ninth Five-Year Plans the balance of deposits in the countryside increased more rapidly than in the city, while in 1976-1978 the growth rate of the balance of deposits at rural savings banks began to lag slightly. In 1979 the deposits in the countryside increased slightly more rapidly than in the city. As of 1 January 1980 the proportion of the balance of deposits at rural savings banks in the total balance of deposits was 27 percent, which corresponds approximately to the proportion of the income of the rural population in the total amount of income.

As to the average amount of the deposit, in the countryside it is growing more rapidly than in the city.

At present the deposits of workers are growing most rapidly. This is connected, in particular, with the increase of the number of their accounts, which in turn is a consequence of the increase of the proportion of workers in the total size of the population.

During the Ninth and 10th Five-Year Plans a tendency for the balance of time deposits to grow at an anticipatory rate was noted. The balances of the demand deposits increased during this period 2.8-fold, while the balances of time deposits increased 4.1-fold. The increase of the time deposits occurred mainly due to the increase of the number of accounts. During the indicated period the number of accounts for time deposits increased 2.4-fold, while the accounts for demand deposits increased 1.6-fold. The average size of the time deposit increased more slowly (1.7-fold) than the average size of the demand deposit (1.8-fold).

The proportion of time deposits in the total balance of deposits on 1 January 1980 was 32.9 percent, while in the total increase of deposits during 1979 time deposits took up 37.4 percent. This attests that the population in recent years has been depositing monetary assets more actively for a long period. Moreover, the indicated process is promoting not only the growth of the overall amount of attracted assets, but also an increase of the term of the keeping of assets of the population in deposits.

As to the breakdown of the accounts of depositors by the amount of the balance of deposits, the data of a sample survey attest to the gradual accumulation by depositors of sums in accounts at savings banks for the purchase of expensive durable goods (motor vehicles, sets of furniture and so on), payment for shares in housing and garrage cooperatives, orchard and garden sections and other expenditures, which exceed the amount of wages received by workers. In this connection the proportion of large deposits in their total balance is increasing.

The additional study of this question, which was made in 1978, confirmed the opinion we previously stated that large deposits themselves are not increasing.¹ At the same time as a result of the gradual accumulation by depositors of sums in savings banks and the shift of deposits from some groups to others the number of deposits and the amount of large deposits are increasing appreciably from year to year.

The institutions of the State Workers' Saving Bank have implemented a number of measures on the fulfillment of the decisions of the 25th CPSU Congress in the area of the further development of noncash transactions of the population through savings banks. The transfers to the deposit accounts of the monetary income of workers are playing an important role in the matter of attracting monetary assets and improving the service of the population. Noncash transactions are also advantageous to the state, since they reduce the demand for cash and, consequently, the expenditures connected with its production, conveyance, storage and counting. At present about 40 million people are using the noncash form of settlements.

The volume of noncash transfers is tending to grow steadily, and its increase is occurring at a significant pace. Transfers of the monetary income of workers to deposit accounts underwent active development during the years of the Ninth Five-Year Plan. In 1975 the total amount of non-cash transfers amounted to 10.5 billion rubles, or increased 2.8-fold as against 1970.

During the 10th Five-Year Plan the transfers of the monetary income of workers to deposit accounts are continuing to be developed. In 1979 the amount of the transfers was 20.6 billion rubles, or it increased nearly twofold in four years of the five-year plan.

In connection with the increase of the transfers of the wages of workers and employees to deposits the proportion of this type of transfers in the total amount of transfers increased from 43 percent in 1970 to 51 percent in 1979. The transfers to deposits of the amounts due to the suppliers of agricultural produce have also been greatly developed. At present more than a third of the amounts due for delivered agricultural produce is received at savings banks.

1. DEN'GI I KREDIT, No 4, 1975, p 71.

The highest level of development of noncash payments to accounts with respect to the total amount of the income of workers has been achieved at the savings banks of the Belorussian and Lithuanian SSR's.

Operations on the payment of the monetary wages of workers through savings banks have undergone further development. In 1979 836,000 people converted to this form of payments, while in all at the beginning of 1980 the savings banks paid the wages of 4 million workers, employees and kolkhoz farmers.

As is known, the payment of wages to workers and employees of enterprises, institutions and organizations and the monetary wages of kolkhoz farmers through savings banks, being one of the forms of the improvement of the service sphere, is having a favorable influence on the increase of labor productivity, the improvement of the organization of production and the social climate in labor collectives, and is also favorably influencing the process of accumulation of savings. In particular, in the Belorussian SSR, where at present savings banks pay the wages of 934,500 workers, the most rapid increase of the number of accounts and the balance of deposits occurred during this five-year plan.

In 1979 savings banks made noncash transactions for goods and services in the amount of 4.8 billion rubles, or 1.6-fold more than in 1976. In four years of the current five-year plan 16 billions rubles of industrial goods have been paid for at trade enterprises with clearing checks of the State Workers' Savings Bank.

The task of the economic service of the system of the USSR State Workers' Savings Bank is the study of the level of development of noncash transactions with allowance made for the monetary income of the population with a breakdown by territories and the effectiveness of the amounts, which were received in this way in the deposit accounts for the formation of savings. Here it is necessary to recall that noncash transactions not only improve the service of the population, but by means of them 30-40 percent of the fulfillment of the plan of attracting the assets of the population is provided.

Sample surveys are conducted periodically for the purposes of a more detailed study of the pattern and turnover rate of deposits. Such a study was made in 1977 in 385 cities and rayons, which covered about 10 percent of all the savings banks of the country, at which 190,000 accounts of depositors were studied. The analysis of the materials of the sample survey showed that, as in past years, the increase of deposits occurred mainly due to the attraction of the monetary assets of the population to new accounts. Thus, for demand accounts for the country as a whole 80 percent of the total amount of the increase falls to new accounts and accounts opened before the beginning of the year account for only 20 percent. This was a result of the fact that the percentage of accumulation of deposits for old accounts is only 6 percent, while for new accounts, which were opened during the given year, 72 percent of the received deposits accumulate.

The data of the survey show that for demand accounts, which were opened before the beginning of the year, an increase of the deposits occurred only for accounts with a balance of up to 1,000 rubles. For accounts with a balance of deposits in excess of 1,000 rubles a decrease of the balance of deposits occurs during the year. The largest degree of the amount of deposits was observed for accounts with a balance of deposits of 5,000 to 10,000 rubles. This attests to the fact that savings in our country are of a purposive nature, that is, their accumulation takes place up to a certain amount for the purpose of purchasing durable goods.

Thus, the workers of our country temporarily set aside a portion of their monetary income in order subsequently to meet better their constantly increasing material and cultural demands. The depositing of monetary assets in savings banks enables the workers to plan their personal budget more correctly and to spend the monetary income received by them more rationally.

For accounts opened during the current year an increase of the deposits is typical of all groups of accounts. Here the largest increase occurs for the group with a balance of deposits of 300 to 1,000 rubles.

The leading role of new deposits in the total amount of their increases attests to the need for the further intensification of the work of savings banks on attracting new deposits, especially in those union republics, krais, oblasts and rayons, where the development of the savings business lags behind the existing economic potentials.

During 1976-1979 122 million new accounts were opened at the savings banks of the country, which is 72 percent of the size of the population which receives an income; during this period 93 million accounts were closed, while the increase of the number of accounts was 29 million. The process of opening new accounts is more pronounced in the Belorussian SSR and the Kazakh SSR, where the number of opened accounts is 92-97 percent of the size of the population which receives an income. This is mainly connected with the relatively extensive development of the work on the payment of wages to workers through savings banks. The largest number of new accounts with respect to the size of the population were opened in the Lithuanian and Armenian SSR's.

In the Azerbaijan and Tajik SSR's the number of opened new deposits during the current five-year plan is 57-61 percent of the size of the population which receives an income, in the Estonian SSR it is 51 percent, while in the Turkmen SSR it is only 30 percent of the indicated size. This is the main reason for the lag in the development of the savings business in the indicated republics.

On the average during the year there were 5.1 transactions per account, including 2.9 deposits and 2.2 withdrawals. The number of transactions completed for accounts having a different balance of deposits differs little. For example, for deposits with a balance of deposits of

1,000 to 2,500 rubles on the average 3.4 transactions were completed, for accounts with a balance of deposits of 2,500 to 5,000 rubles--3.6 transaction, from 5,000 to 10,000 rubles--4 transactions and in excess of 10,000 rubles--4.1 transactions. Slightly more transactions are completed for deposits with an amount of the balance of up to 1,000 rubles.

For one-third of all accounts not one transaction was completed during the year, for 34 percent of the accounts 1 to 3 transactions were completed, for 13 percent--4 to 6 transactions, for 7 percent--7 to 9 transactions and for 12 percent of the accounts--more than 10 transactions.

The accounts, with respect to which wages were paid to workers and employees, were not examined when studying this question. For these accounts about 50 transactions were completed a year.

The materials of the sample survey show that during the year for 17 percent of the accounts the balances of deposits increased; for 60 percent this indicator virtually did not change; for 14 percent the amount of the deposits decreased; while 9 percent of the accounts were closed.

The available data of the statistical reporting of savings banks make it possible to calculate the average term of deposit of a deposited ruble as a whole for all types of deposits.

The deposits of the population in savings banks are notable for a comparatively great stability, and the duration of their deposit is steadily increasing. The stability of savings is an important factor, since the assets received for deposits at savings banks are allocated for supplementing the credit reserves of the USSR State Bank for implementing measures on the further development of the national economy of our country.

The materials of sample surveys over several years make it possible to trace the changes in the average term of deposit separately for demand deposits, including lottery deposits, and for time deposits:

	Average duration of holding of deposits (days)						
	1963	1968	1973	1976	percent		
					1968 to 1963	1973 to 1968	1976 to 1973
Demand deposits (including lottery). . .	456	629	777	849	137.9	123.5	109.3
Time deposits	1587	2147	2281	2607	135.3	106.2	114.3

In 1977 the stability of deposits with a breakdown by groups according to the amount of the balance of deposits, as well as of individual social groups of the population was studied. This study, just as the preceding study, showed that as the balance of demand deposits increases their stability increases up to the achievement of a certain level (5,000 rubles), and then begins to decrease.

For time accounts no great difference was established in the stability of the deposits subject to their amount. However, even here for the largest deposits the stability decreases somewhat, that is, the calling of deposits increases. This once again confirms the idea that savings for their most part are of a purposive nature.

The deposits belonging to kolkhoz farmers are the most stable, which is attested by the following data for 1976:

	(days)				
	Social groups of the population				
	workers	employees	kolkhoz farmers	others	total
Demand accounts, including lottery.	849	640	1259	1043	849
Time accounts.	2808	2281	3318	3042	2607

This is explained, in our opinion, by the existence of income in kind, which makes it possible to meet a portion of current needs without the use of monetary assets, as well as by the lump-sum receipt of large amounts of monetary assets both in accordance with the results of the year and for the livestock and agricultural produce, which are sold to the state.

The development of the savings business and the improvement of the service of the population depend on the development of the network of savings banks. Therefore, more attention must be devoted to the analysis of the status of the network of savings banks and to the study of the correctness of their territorial distribution. During the Ninth Five-Year Plan and four years of the 10th Five-Year Plan the development of the network took place primarily due to the organization of savings banks of categories I and II. During this period the number of banks with staff workers increased by 67 percent, while the number of agencies decreased by 39 percent. Here savings banks with staff workers were set up more intensively in rural areas, where the number of such banks increased 2.4-fold. In major cities the growth of the network took place primarily due to savings banks of category I, while in rural population centers mainly savings banks of category II were organized.

On 1 January 1980 of the total number—80,500 savings banks—the savings banks with staff workers accounted for 51,100, or 63.5 percent. And in the Ukrainian SSR the proportion of savings banks with staff workers in the total number is 70 percent, in the Tajik SSR—79 percent, in the Azerbaijan SSR—81 percent and in the Armenian SSR—82 percent. At the same time in the Latvian and Estonian SSR's these banks account for only 40-42 percent.

The economic prerequisites for the development of the savings business and the corresponding conditions, which ensure the efficient and high quality

service of the population, are the main indicators which should be taken into account when solving the question on the expansion of the network of savings banks and the improvement of its structure both in the city and in the countryside.

When making the analysis the workers of the administrations of the State Workers' Savings Bank need to ascertain whether the network of savings banks ensures the proper service of the population, whether there are savings banks in all microrayons of a city or in all major population centers of a rayon, whether the hours of each savings bank--the beginning and end of its workday--have been properly set.

For the purpose of improving the service of the population much work has been done on improving the work schedule of savings banks. At present 69 percent of the established savings banks operate six days a week. Of the total number of operational sections and savings banks of category I 39 percent begin work by 0900, while 42 percent end work at 1900 or later.

At the same time in a number of republics, oblasts, cities and rayons the work schedule of savings banks does not conform to the demands on the improvement of the service of the population. In the Azerbaijan and Tajik SSR's there are still not enough savings banks which operate on a shift system; in the Georgian SSR only 38 savings banks, or 4 percent, begin work before 0900, and in the Kirgiz SSR only 11 percent of the savings banks end work at 1900 or later.

The study of the profitability of the operation of savings banks is a task of the administrations of the State Workers' Savings Bank. In cities the expansion of the network of savings banks should take place, as a rule, by the opening of large savings banks of category I, at which it is possible to introduce mechanization and automation more extensively, to create a more correct working schedule and to serve the population better. At such savings banks one worker completes more transactions, while the cost of attracting assets is considerably less than at other savings banks. Therefore the combination of small savings banks into large ones, which make it possible to improve the service of the population, is becoming the main direction in the work on the organizational consolidation of the network of savings banks in cities with a large population.

The Board of the USSR State Workers' Savings Bank periodically organizes a survey of individual types of savings banks. In particular, a study of the effectiveness of the operation of savings banks of category II, which were set up on the basis of the agencies of the savings banks in 1975-1977, was made in 1978. During this period for the country as a whole about 8,000 agencies of savings banks were reorganized into savings banks of category II by way of the organizational consolidation of the network.

The materials on 3,000 savings banks were studied for the purpose of studying the effectiveness of the operation of the reorganized agencies and determining the advisability of further expanding the network of savings banks with staff workers by reducing the number of agencies.

The materials of the survey showed that savings banks, which are reorganized, have, as a rule, adequate economic means for the further development of their activity. On the average about 1,000 residents lived in the population centers, where there are agencies, which were reorganized in 1975 into savings banks of category II, while the amount of monetary income received by the workers in a year was about 1 million rubles.

When determining the agencies, which were liable to reorganization into savings banks, the administrations of the State Workers' Savings Bank and the central savings banks proceeded from the results of the work, which were achieved by the savings banks in the matter of attracting the deposits of the population and the number of transactions carried out by them.

As the materials of the conducted survey show, in the RSFSR, the Ukrainian, Lithuanian, Armenian and Estonian SSR's the instructions on this question have been completely fulfilled. As to the Kazakh SSR, at the time of the reorganization the balance of the deposits at agencies was a relatively small amount—on the average 300,000 rubles, the Georgian SSR—slightly more than 200,000 rubles, the Tajik SSR—150,000 rubles, while in the Uzbek SSR—only 100,000 rubles. It should be noted that the amount of work performed by the reorganized agencies in the Uzbek and Georgian SSR's was also minor. All this did not give sufficient grounds for the reorganization of many of the agencies in these republics.

The analysis of the operation of savings banks of category II, which were reorganized from agencies, shows that the implemented measure for the country as a whole yielded favorable results with respect to the increase of the number of depositors, the attraction of deposits of the population and especially the development of operations on the service of the workers. At these savings banks the amount of savings and the volume of work increased considerably more rapidly than for the operating savings banks of category II. Thus, for example, at savings banks reorganized from agencies in 1975 in three years the number of depositors increased 22 percent, the balance of deposits grew 41 percent, while the number of transactions increased 2.4-fold.

However, the savings banks of category II, which were reorganized from agencies, according to the number of depositors and the balance of deposits have still not reached the level of operating savings banks and have become approximately equal to them only in the number of completed transactions. As the data of the analysis show, in the Uzbek, Georgian and Tajik SSR's, in spite of the fact the agencies, which were reorganized into savings banks of category II, were located in large and economically developed population centers, the work results achieved by them are inadequate, which attests to the lack of everyday control over the development of their activity.

In connection with the changeover of the agencies of savings banks at communications enterprises to a shortened workday the workers of the savings banks are faced with the task of analyzing very carefully how this work

schedule has influenced the attraction of the assets of the population and the service of the workers.

At this stage the importance of the development and strengthening of cost accounting, of the enhancement of the role of economic levers and stimuli in increasing production efficiency and work quality is increasing. In the system of the USSR State Workers' Savings Bank cost accounting is being implemented centrally. The overall results of the work--the profit, as well as the fund for the development of the savings business and the housing construction and material incentive fund are determined for the system as a whole. Proposals on conducting an experiment of decentralizing cost accounting are now being drawn up for the purpose of improving cost accounting. This will make it possible, in our opinion, to increase the interest of workers in the further development of the savings business, the improvement of the service of the population and the implementation of a policy of economy in expenditures and in this connection to reduce the cost of attracting the assets of the population.

It should be noted that the system of the USSR State Workers' Savings Bank is constantly implementing measures, which are aimed at reducing the cost of attracting the assets of the population and completing one transaction. The cost of attracting one ruble with allowance made for administrative, management and operating costs has been reduced in four years of the present five-year plan from 0.16 kopeck to 0.12 kopeck. A reduction of the cost of attracting deposits in practice has occurred in the overwhelming majority of republics, oblasts and rayons.

In 1979 the lowest cost of the deposits of the population with allowance made for administrative, management and operating costs was in the Lithuanian SSR, where it was 0.06 kopeck per attracted ruble. But there are significant reserves in this direction in several republics. Thus, in the Tajik and Kazakh SSR's the cost of an attracted ruble amounts to 0.18 and 0.21 kopeck respectively.

The cost of completing one transaction for the country as a whole has been reduced from 16.8 kopecks in 1978 to 16.2 kopecks in 1979. The highest cost for the completion of transactions is in the Turkmen SSR, which has been caused by the inadequate workload of the workers of the savings banks of the republic.

The task of rationally utilizing manpower resources was set by Decree No 695 of the CPSU Central Committee and USSR Council of Ministers of 12 July 1979, "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Increasing Production Efficiency and Work Quality." Taking this into account, as well as the need to increase the efficiency of the work of savings banks in achieving higher results in the attraction of the assets of the population, this year it is proposed to study in detail, to what extent the established size of the staff in republics, oblasts, rayons and individual savings banks corresponds to the volume of work being performed, and on this basis the administrations of

the State Workers' Savings Bank and the central savings banks should draw up proposals on the more rational utilization of the personnel employed in the system of the USSR State Workers' Savings Bank.

An experiment in piece-rate wages plus bonus--individual and collective, as well as applied to the labor of cashiers according to the method of municipal payments, is being conducted at the savings banks of Kiev, Khar'kov, Odessa, Leningrad, Rostov-na-Donu, Tallin, Tartu and Kaliningrad of Moscow Oblast. The experiment is showing that the piece-rate wage plus bonus has a favorable influence on the increase of labor productivity and promotes a reduction of the turnover of personnel. This form of wages makes it possible without increasing the number of workers of savings banks to perform a larger volume of work and at the same time to ensure the improvement of the service of the population.

The republic main administrations of the State Workers' Savings Bank and the central savings banks are faced with the task of mobilizing the creative energy of the workers of savings banks in the search for new reserves to improve their activity by means of the improvement of socialist competition, the improvement of organizing work, the tightening up of state, production and labor discipline, the increase of responsibility for the fulfillment of the set plans and the improvement of the service of the population.

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